

Ms. KAPTUR. Mr. Speaker, our economy is far from healing. Economists believe that the proximate cause of our economic crisis is the housing foreclosure crisis. I agree. Thus, I want to help explain how the very banks the Executive Branch is bailing out have and continue to make money off our constituents through deceptive practices in the housing industry, specifically through the sale of those mortgages.

I have a constituent in Sandusky, Ohio, who refinanced his home due to a divorce to an adjustable rate mortgage through an Ohio bank. But then, J.P. Morgan Chase Bank in New York bought the bank and closed the deal on the refinancing of the mortgage. Chase did not properly disclose to this gentleman that the rates were higher than what was in the original loan documents, which violates the Real Estate Settlement Procedures Act and the Truth in Lending Act.

My constituent has paid and, to the best of my knowledge, is making regular payments on his mortgage to an escrow account; however, around last October, with the help of a lawyer, he served J.P. Morgan Chase a notice of rescission on his loan due to the aforementioned violations. His lawyer requested that Chase inform him of any interested parties and holders of his mortgage to properly notify them of his rescission. Chase has not properly answered his query, so the case is going to court.

It is the belief of my constituent's lawyer that Chase cannot name the holder of the mortgage. His loan was sold to a bank which placed his mortgage in a loan serving pool. Then his loan was chopped up into parts, bundled, and sold as mortgage-backed securities to hundreds of large institutional investors. Involved are trust oversight managers, depositors, underwriters, trust administrators, investors, trust fund issuing entities, trustees. But who really knows who all are involved? But we know this: They all got a piece of the pie on the transaction.

This loan pooling process, some would say a Ponzi scheme, for securitization of loans make one's head spin. But at its core is one thing: Lots of profit on the upside, and now lots of loss on the downside.

I do not know if my constituent can rescind his loan, avoid foreclosure, save his credit rating and, therefore, his financial future, because he cannot properly notify the holder of the mortgage. No one knows who it is.

My constituent's situation is not unique, and in fact the story reverberates from sea to shining sea. We bailed out the banks because of these very practices which created certain toxic assets; yet, the practices continue: People lose their homes, the economy is tanking, and the bailed out banks are filling their coffers, paying dividends, making acquisitions, giving bonuses, holding auctions of these properties.

Furthermore, I would like to call your attention and include in the *Record* today's Wall Street Journal article titled, "Lending Drops At Big US Banks." According to the article, 10 of the 13 biggest beneficiaries of bailout monies who received \$148 billion of our taxpayer money saw their outstanding loan balances decline by a total of \$46 billion between the third and fourth quarters of 2008. That means they weren't making loans with the money they got. The intent of bailing out Wall Street by those who voted for it was to free up credit. They didn't do it. And, Federal regulators are aiding and abetting them.

Rather than using the Federal Deposit Insurance Corporation and the Securities and Exchange Commission as the proper agency for mortgage resolution, what we continue to see is Treasury in charge, which is a revolving door between Wall Street and the highest levels of our government.

Paul Volcker put out a report last week on behalf of the Group of 13, calling for nations to reform their pro-cyclical regulatory and accounting rules. Unless this is done, why would our government allocate one more penny of taxpayer funds to cleaning up the mess that Wall Street and Washington leaders have gotten us into?